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OCI NO 0830/75

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
July 3, 1975

MEMORANDUM

MICROFILMED

SUBJECT: Subversion in the Arab Gulf

Evidence of attempts by outside powers to gain influence and shape events in the Arab Gulf raises some fears about middle-and long-term security of the small, but energy-important states that ring the eastern periphery of the Arabian peninsula. 25X1

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Although there are occasional indications of conflict between these external forces, 25X1

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more often there is a cooperation based on a commonality of interest. 25X1

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IRAQ

The Algiers agreement, reached in early March between Iran and Iraq, is part of an intensive Iraqi effort to project an image of moderation in its regional policy. We have serious reservations about whether any substance exists behind the image and whether, as some observers have optimistically concluded, Iraq will end its interference in the affairs of its neighbors.

Past performance does not encourage acceptance of the new pose of Iraqi strongman Saddam Husayn Tikriti. Although his personal charm and dynamism have favorably impressed the Shah of Iran and many Western and Arab leaders, his record is that of a dedicated Baathist revolutionary and meddler in the affairs of other countries.

We believe that the Iraqi leadership remains revolutionary in outlook and committed to the overthrow of those governments in the Peninsula and the Arab Gulf not sharing Baghdad's radical ideology.

Our assessment is that Baghdad has adopted a two-tiered policy. It will actively court its neighbors on the diplomatic level, while continuing to give aid to local clandestine groups and otherwise interfering in domestic affairs. For a time, however, in keeping with the conciliatory spirit of Algiers, Baghdad may refrain from blatant involvement

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The end of the Kurdish war has freed the Iraqis to focus their energies on covert operations aimed at extending their influence within the states of the Peninsula and the Gulf. Baghdad has never been better prepared financially for such undertakings. Although Baghdad is currently facing some short-term financial difficulties, Iraq's oil income--an estimated \$6.5 billion in 1974--is growing rapidly.

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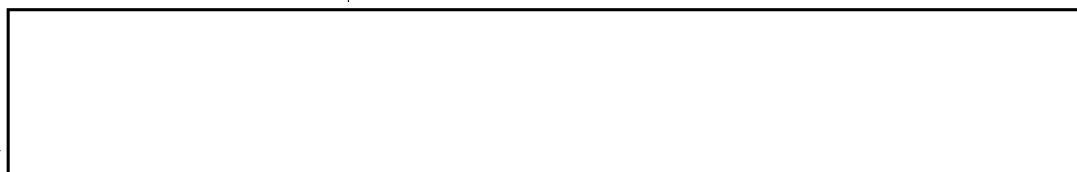
LIBYA

Libyan President Qadhafi has justified his interference in Gulf affairs and support of the PFLO on the grounds that the present governments of the Gulf states are reactionary and should be replaced by a PFLO-led union of radical states. Libya's strongest public statement in support of PFLO's aims in the Gulf occurred on June 11, 1975 when Prime Minister Jallud threatened to "turn the Gulf into another southeast

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Asia" unless allied forces helping Sultan Qabus were withdrawn, and the Omani government "solves its problems" with the Dhofaris.

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Palestinians Extremists

[REDACTED]

The hijacking of the British Airways aircraft in Dubai in November 1973 by an Iraqi-based group led by Fatah dissident Abu Nidal, along with the takeover of the Japanese embassy in Kuwait in February 1974 by the Popular Front for the Liberation of Palestine, forcefully demonstrate that the radical organizations are not loath to embarrass their hosts when it suits their purposes.

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There is a strong likelihood that the rejectionist organizations will mount further terrorist operations in the Gulf and elsewhere if any progress is made in negotiations toward an Arab-Israeli settlement. Egyptian President Sadat's opening of the Suez Canal in early June and recent Israeli moves could prompt the rejectionists to stage terrorist spectacles as a way of disturbing the political atmosphere.

The record indicates that the rejectionists will go after vulnerable targets wherever located, regardless of the political risks they incur by antagonizing other Arabs.

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